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Central Intelligence Agency
National Foreign Assessment Center
July-October 1978

REVIEW OF SOVIET INTERNAL AFFAIRS

Domestic Politics

Is Brezhnev Being Propped Up?

Brezhnev has made a point of having frequent contact with foreign visitors over the last four months. As has been his practice for the last several years, he met all East European party leaders in the Crimea during his July-August vacation. Since his return to Moscow, he has received American visitors on three occasions as well as Indian, Syrian, Italian, and Algerian delegations. Not to let his image as a domestic leader decline, however, he also took a highly publicized, and certainly unnecessary, trip to Baku (18-25 September).

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The scheduling of these activities, however, indicates that his itinerary was designed to have maximum public impact with a minimum expenditure of energy. His meetings with foreigners were carefully spaced and not very demanding.

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This review is based on analysis and research work completed by CIA's National Foreign Assessment Center through November 1, 1978. Comments on the format and views expressed are solicited and may be addressed to

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[REDACTED] Brezhnev appears increasingly dependent on his associates for support. He relies extensively on Gromyko and foreign policy aide Aleksandrov in contacts with visiting Western officials, and now seems to require the presence of a Politburo colleague on his journeys to the provinces. Defense Minister Ustinov traveled with him on his visits to the Far East and Minsk earlier this year, and Politburo candidate member Chernenko went with him recently to Baku and attended 5 of his 7 meetings in the Crimea this summer.

It is possible to conclude that Brezhnev lacks the stamina to shoulder the burdens of office alone. He now limits his active attention in foreign policy primarily to relations with the US and Western Europe and, on the domestic side, to agriculture. This year he has delegated even more responsibility to his heir apparent, Kirilenko. And he surrounds himself with close associates on most public occasions.

These tendencies, of course, have been evident for at least four years, even as his political stature has risen. Nevertheless, such developments appear to have led gradually to a decline in his effective political power. This probably reflects a conscious abdication of some responsibilities rather than an encroachment on his duties by his colleagues. This trend, moreover, is likely to continue.

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Room at the Top

The unexpected death of Politburo and Secretariat member Fedor Kulakov last July presented the Soviet leadership with an obvious opportunity to clarify its long-term succession arrangements and give some hint at least about the direction the party intends to take in the 1980s. Such sweeping decisions, however, are uncharacteristic of this regime.

At the same time, Kulakov's role in the system--both as agricultural overseer and as the link between the older and younger generations in the Secretariat--was too important to allow his responsibilities to go unattended much longer.

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At the same time two other regional leaders, Shcherbitskiy in the Ukraine and Masherov in Belorussia, appear to be strengthening the positions of their proteges as successors in the two republics in order to free themselves for appointment to higher posts in Moscow. The transfer of one of these four prominent regional officials to a Secretariat post in Moscow would propel him into the midst of succession politicking and greatly enhance the probability of his eventually becoming General Secretary of the party.

The regime could choose, on the other hand, to avoid the succession issue by appointing a relatively junior figure as party secretary without simultaneously making him a Politburo member. Indeed, if recent practice in making secretarial appointments is any guide, this approach is precisely what we should expect. Three junior officials have been singled out in the last two months in ways that make them prime candidates if the party leadership opts for such an undramatic choice. The chief of the Central Committee's Agricultural Department, V. A. Karlov, and the deputy chairman of the Council of Ministers, Z. N. Nuriyev, have both written feature articles about agriculture in Pravda. As the highest ranking party and government overseers of agriculture, their candidacies presumably will benefit from the record harvest.

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The party's senior leaders will face a critical choice at the next Central Committee plenum: to lay the groundwork for their own departure from the political scene or to delay once again any step that might herald such an event. In view of Brezhnev's health, it may be a choice they can no longer avoid.

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Economic Affairs

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Economic Performance in 1978

Three-quarters of the way through 1978, the Soviet economy is headed for a third consecutive year of slowing growth with no solutions in sight. Soviet industrial growth for 1978 could fall as low as 3.5 percent--the smallest annual increase in 30 years. Third-quarter statistics show most branches of industry running behind last year's 9 months' pace. Primary energy production is not likely to increase by more than 4 percent this year. Production of coal, timber, generators, freight cars, butter, and canned food products has declined. Growth in the chemical industry has fallen below 5 percent for the first time. Machinery growth is down from last year's pace and is not expected to recover by year-end.

Capital formation continues to lag. Only half of the 530 construction projects scheduled to come on stream during the first half of 1978 actually did so; 40 percent of the projects carried over from 1977 are still incomplete. Major slow-downs in net capital formation are occurring when investment programs are badly needed to counter declining labor force.

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growth, to renovate obsolete plant and equipment, and to stave off the impending energy crisis.

The decree issued last summer by the Council of Ministers and CPSU Central Committee to promote development of the machinery industry during 1978-80 is showing no signs of success. The decree provides for renewal of the machinery industry so that it can produce the means to modernize and automate the rest of the economy. These ambitious goals for quantity and quality of new machinery will not be achieved easily or soon. The machinery industry needs too much new capacity which is realized only very slowly. The decree also set overly ambitious targets for ministries supplying inputs to the machinery sector.

The Soviet consumer continues to see only a slow rise in his living standards. Meat shortages still persist, although this year's good grain harvest should bolster meat production next year. Getting enough meat, however, will remain the chief worry of most households through the winter of 1978-79.

Grain Prospects

With the harvest over 90 percent complete, prospects remain good for a Soviet grain crop of 224 million tons or more. Unofficial comments by Soviet officials put the grain harvest in the range of 220-230 million tons. Other crops and livestock products, however, have fared less well. No official announcement has been made yet.

We expect Moscow to import 15-20 million tons of grain in 1978. In previous years substantial foreign grain purchases were completed by 1 October. The apparent delay this year may be due to projections of a worldwide bumper grain crop, relatively low grain prices, and a possible tactical move to improve the Soviet bargaining position with the US. Moscow's current short-term balance-of-payments situation can easily accommodate the \$2-2.6 billion price of projected grain imports.

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Energy Resources

The USSR is seeking Western help to develop a large gas deposit discovered near Astrakhan on the Caspian Sea. Moscow asserts that it will be the USSR's largest producing gas field by 1990, with a possible one million cubic meters of ultimately recoverable gas.

The Soviets need \$100-200 million in Western equipment and technology to tap the new field. Moscow is shopping for long-term credits and considering a compensation agreement to finance these purchases.

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